

Message Text

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C O N F I D E N T I A L LONDON 00362

PASS TREASURY AND FRB

E.O. 11652: GDS

TAGS: EFIN, UK

SUBJECT: US TRUST FUND PROPOSALS AND THE JANUARY 17
DEVELOPMENT COMMITTEE MEETING

REF: STATE 4030

1. FINANCIAL ATTACHE CONTACTED BOTH H.M. TREASURY AND OVERSEAS DEVELOPMENT MINISTRY. SIR DEREK MITCHELL'S OFFICE REPORTS THAT CHANCELLOR HEALEY WILL NOT BE ATTENDING THE DEVELOPMENT COMMITTEE MEETING. HE HAS ASKED OVERSEAS DEVELOPMENT MINISTRY (ODM) MINISTER JUDITH HART TO TAKE IT FOR HIM. MRS. HART IS NOT CURRENTLY IN LONDON.

2. IN CIRCUMSTANCES, U.S. POSITION CONVEYED TO RICHARD KING, PERMANENT SECRETARY AT ODM WHO WILL BE ATTENDING THE DEVELOPMENT COMMITTEE SESSION WITH MRS. HART. KING'S FIRST REACTION WAS TO ASK IF THIS MEANS THAT THE U.S. WILL MAKE A CONTRIBUTION OR A COMMITMENT TO THE TRUST FUND. WE REPLIED THAT TO THE BEST OF OUR KNOWLEDGE U.S. POSITION REMAINED THAT OF USING IMF GOLD SALES OR BORROWINGS AGAINST GOLD AS THE MATCHING DEVICE AND REFERRED TO
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S.Y. CROSS' DECEMBER 20 STATEMENT TO EXECUTIVE BOARD.

KING THOUGHT THE U.K. WOULD PROBABLY NOT WANT TO HOLD DUPLICATE DISCUSSIONS AND THAT THE MATTER MIGHT BEST BE DISCUSSED BY THE IBRD BOARD ON JANUARY 21. HE THOUGHT IT WAS ALREADY ON AGENDA FOR THAT MEETING. HOWEVER, HE DID NOT INDICATE SERIOUS OBJECTION TO ALSO DISCUSSING IT ON JANUARY 17. HE SAID U.K. VIEWS ARE OPEN AND THE OVERALL OBJECTIVE IS TO OBTAIN MATCHING FUNDS.

3. U.S. POSITION ALSO CONVEYED TO HESTER BOOTHROYD, UNDER SECRETARY, H.M. TREASURY. SHE REPLIED THAT THE U.K. POSITION IS OPEN CONCERNING THE TRUST FUND CONCEPT AND SHE PERSONALLY WOULD NOT MIND SETTING ASIDE THE THIRD WINDOW CONCEPT. AFTER DISCUSSION WITH CHANCELLOR HEALEY'S OFFICE WE ARE SENDING HEALEY A WRITTEN SUMMARY OF U.S. POSITION THAT WILL BE INCLUDED WITH HIS BRIEFING MATERIALS, WITH A COPY TO KING. KING WILL BRIEF MRS. HART.

4. RECEIPT OF WASHINGTON MESSAGE WAS TIMELY. WE CONVEYED IT TO KING AND BOOTHROYD ABOUT AN HOUR BEFORE THEY WERE DUE TO MEET IN ORDER TO DISCUSS U.K. BRIEFS FOR THE JANUARY 17 DEVELOPMENT COMMITTEE MEETING. THEY HAVE PROMISED TO PASS BACK ANY ADDITIONAL CONSIDERED VIEWS H.M. GOVERNMENT MAY HAVE. KING LEAVES FOR WASHINGTON THIS WEEKEND AND WOULD BE PREPARED TO HAVE FURTHER DISCUSSIONS BILATERALLY ON THIS TOPIC WITH U.S. OFFICIALS IN WASHINGTON. EMBASSY ALSO RECOMMENDS THAT WASHINGTON OFFICIALS BRIEF SIR DEREK MITCHELL, WHO HAS ALREADY LEFT LONDON FOR WASHINGTON, ON THE U.S. POSITION IN ORDER THAT H.M. TREASURY CAN BRING PRESSURE ON ODM IF NECESSARY. THE TWO MINISTRIES DO NOT ALWAYS SEE THESE MATTERS IN SAME LIGHT. ODM DOES APPEAR TO BE IN CHARGE OF THIS ISSUE, AT LEAST OPERATIONALLY, ALTHOUGH CHANCELLOR HEALEY PROBABLY COULD MAKE THE FINAL DETERMINATION IF HE WISHED.

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